

MEANS TESTED AMOUNT

The means tested amount is required to determine a resident's liability to pay an accommodation payment, accommodation contribution (and amount), means tested care fee (and amount) and eligibility for an accommodation supplement.

Centrelink/DVA undertake income and asset assessments for the purpose of determining a resident's means tested amount.

Where a resident does not lodge an application to assess their means tested amount they can be charged the maximum care fee and accommodation payment amounts; ie means tested care fee and maximum accommodation payment for the room they occupy (as indicated in the Price Agreement Day Agreement).

MEANS TESTED AMOUNT

The means tested amount (MTA) =

the income tested amount (ITA) plus the asset tested amount (ATA).

The Income Tested Amount (ITA)

Where the resident's total assessable income is:

- below or equal to the total assessable income free area (currently \$25,264.20 for single person or \$24,796.20 for a member of a couple), the income tested amount is zero;
- above the total assessable income free area, the income tested amount is 50% of the amount that exceeds the total assessable income free area divided by 364.

Eg single resident has annual income of \$30,118.60

$$\$30,118.60 - \$25,264.20 = \$4,854.40$$

$$\$4,854.40 \text{ divided by } 2 \text{ (50\%)} = \$2,427.20$$

$$\$2,427.20 \text{ divided by } 364 = \$6.67 \text{ per day}$$

Hence ITA = \$6.67 per day

The Asset Tested Amount

Where a resident's total assessable assets:

- do not exceed the asset free area (currently \$46,000), the asset tested amount is \$0;
- exceed the asset free area but do not exceed the first asset threshold (currently \$157,051.20) – the asset tested amount is 17.5% of amount above the asset free area);
- exceed the first asset threshold but not the second threshold (currently \$379,153.60) – the asset tested amount is 1% of the excess above the first asset threshold plus 17.5% of the difference between the asset free area and the first asset threshold;
- exceed the 2nd asset threshold – the asset tested amount is 2% of the excess above the second asset threshold plus 1% of the difference between the 1st and 2nd asset thresholds plus 17.5% of the difference between the asset free area and the first asset threshold.

The per day asset tested amount is the asset tested amount divided by 364.

Asset Tested Amount (ATA)

ATA example – resident with total assets of \$400,000

- Assets less than asset free threshold, currently \$46,000 = nil
- Assets between asset free threshold and first asset threshold
 $\$157,051.20 - \$46,000 = \$111,051.20 \times 17.5\% = \$19,433.96$
- Assets between the first and second asset thresholds
 $\$379,153.60 - \$157,051.20 = \$222,102.40 \times 1\% = \$2,221.02$
- Assets above second asset threshold
 $\$400,000 - \$379,153.60 = \$20,846.40 \times 2\% = \416.92

$ATA = \$19,433.96 + \$2,221.02 + \$416.92 = \$22,071.90$

$\$22,071.90$ divided by 364 = \$60.64 per day

Hence ATA = \$60.64 per day

MEANS TESTED AMOUNT (MTA)

EXAMPLE

Resident (single) with \$400,000 assets and annual income of \$30,264.20

ITA = \$6.87 per day

ATA = \$60.64 per day

Hence MTA = \$67.51 per day

Maximum Accommodation Supplement = \$53.39 per day

Upon admission to permanent residential care this resident would:

- Be liable to pay an accommodation payment as MTA greater than or equal to maximum accommodation supplement;
- Would not pay an accommodation contribution (MTA must be less than maximum accommodation supplement and more than zero);
- Would pay a MTCF of \$14.12 per day (difference between MTA and maximum accommodation supplement); and
- The approved provider would not be eligible to receive the means tested accommodation supplement.

Example of resident on full pension and assets of home exemption cap only (ie \$157,051.20)

ITA = nil (as full pension less than the income free area).

$$\begin{aligned} \text{ATA} &= (\$157,051.20 - \$46,000) \times 17.5\% \text{ divided by } 364 \\ &= \$110,051.20 \times 17.5\% \text{ divided by } 364 \\ &= \$53.39 \end{aligned}$$

Hence MTA = ITA + ATA = \$53.39

This resident would be:

- Liable to pay an accommodation payment (as MTA equal to maximum accommodation supplement)
- Would not pay a MTCF as MTA is less than \$1 per day above the maximum accommodation supplement;
- The resident is not a low-means care recipient and the approved provider would not receive the means tested accommodation supplement.

Department of Human Services/DVA asset and income assessment advice

Does not provide the means tested amount (MTA) but does provide:

- period the MTA assessment is valid;
- whether the resident is liable for an accommodation payment; OR
- whether or accommodation contribution applies and the amount;
- an indication of whether the resident is a low-means care recipient (required for the Approved Provider to receive an accommodation supplement). The letter does not state if the resident is low-means, rather it states that the Commonwealth will pay for the resident's accommodation costs either in part (hence accommodation contribution applies) or full (which means resident is a full low-means care recipient); and
- whether the resident is to pay a means tested care fee and the amount.

Early letters did not provide the resident's asset tested amount (for the purpose of calculating the maximum refundable deposit amount) – this seems to be changing.

REFUNDABLE DEPOSITS (RADs and RACs)

Resident's total assets for the purpose of a refundable deposit (refer section 52J-5 of the Aged Care Act 1997).

Where DVA/Department of Human Services MTA advice letter indicates value of the home is less than the home exemption cap, then the asset amount stated in the letter is the amount to be used for the purpose of ensuring the resident is left with the minimum permissible asset level (MPAL – currently \$46,000) when calculating the RAD or RAC.

Where DVA/Department of Human Services MTA advice letter indicates value of the home is the home exemption cap, then the balance of the full value of the resident's home plus the asset amount stated in the letter is the amount to be used for the purpose of ensuring the resident is left with the MPAL when calculating the RAD or RAC.

The resident must be left with the MPAL only where they have lodged the income and asset assessment and have advised the approved provider that their preferred payment method is a refundable deposit within 28 days after their admission.

REFUNDABLE DEPOSIT PAYMENT METHODS – ACCOMMODATION PAYMENT AND ACCOMMODATION CONTRIBUTION

Department of Social Services newsletter (Information for Aged Care Providers Issue 4) states residents' may not advise of their preferred payment method prior to admission to permanent care, even where the resident so elects.

Apparently DSS base this position on section 52F-4 of the Aged Care Act 1997 which states:

“The approved provider must not require the person to choose how to make an accommodation payment or accommodation contribution before the person enters the service.”

In my view this section does not preclude the resident from electing their payment method, rather it means the approved provider cannot require the resident to choose their payment method prior to admission.

Indeed section 52J-2(1) of the Aged Care Act 1997 states:

“A person may choose to pay a refundable deposit at any time after the person has entered into an accommodation agreement.”

Given the resident can enter into the accommodation agreement prior to admission, it seems consistent that they could elect their payment method prior to admission.

ACCOMMODATION CONTRIBUTION

The accommodation contribution amount may change after admission (including from nil) in respect to two factors:

- the accommodation contribution rate can not be higher than the highest means tested accommodation supplement rate received by that service; and
- where the resident's MTA varies after admission the accommodation contribution rate will in turn vary accordingly – DSS advise through quarterly review letters.

The highest rate of the means tested accommodation supplement a service receives is determined by whether that service has been approved for the significantly refurbished/newly built rate (currently \$53.39 per day as compared to \$34.79 for non-refurbished/new services) or where that service's low-means/supported/concessional ratio is above 40%.

Where equal to or less than 40% a service's highest means tested accommodation supplement rate is reduced by 25%:

- from \$53.39 for refurbished/new services to \$40.04;
- from \$34.79 for non-refurbished/new services to \$26.09.

SUPPORTED RESIDENT RATIOS SUMMARY

Day	% Achieved for Service	% Achieved post 2008 Reforms		Day	% Achieved for Service	% Achieved post 2008 Reforms
01	51.28 (20/39)	51.35 (19/37)		16	50.00 (20/40)	50.00 (19/38)
02	51.28 (20/39)	51.35 (19/37)		17	50.00 (20/40)	50.00 (19/38)
03	51.28 (20/39)	51.35 (19/37)		18	50.00 (20/40)	50.00 (19/38)
04	51.28 (20/39)	51.35 (19/37)		19	50.00 (20/40)	50.00 (19/38)
05	51.28 (20/39)	51.35 (19/37)		20	50.00 (20/40)	50.00 (19/38)
06	51.28 (20/39)	51.35 (19/37)		21	50.00 (20/40)	50.00 (19/38)
07	51.28 (20/39)	51.35 (19/37)		22	50.00 (20/40)	50.00 (19/38)
08	51.28 (20/39)	51.35 (19/37)		23	50.00 (20/40)	50.00 (19/38)
09	51.28 (20/39)	51.35 (19/37)		24	50.00 (20/40)	50.00 (19/38)
10	51.28 (20/39)	51.35 (19/37)		25	50.00 (20/40)	50.00 (19/38)
11	51.28 (20/39)	51.35 (19/37)		26	50.00 (20/40)	50.00 (19/38)
12	51.28 (20/39)	51.35 (19/37)		27	50.00 (20/40)	50.00 (19/38)
13	50.00 (20/40)	50.00 (19/38)		28	50.00 (20/40)	50.00 (19/38)
14	50.00 (20/40)	50.00 (19/38)		29	50.00 (20/40)	50.00 (19/38)
15	50.00 (20/40)	50.00 (19/38)		30	50.00 (20/40)	50.00 (19/38)
				31	50.00 (20/40)	50.00 (19/38)
Accommodation Supplement						27388.50
Concessional Supplement						0.00
Assisted Resident Supplement						1644.24
Total						29032.74

SUPPORTED RESIDENT RATIOS SUMMARY

Day	% Achieved for Service	% Achieved post 2008 Reforms	Day	% Achieved for Service	% Achieved post 2008 Reforms
01	48.36 (59/122)	49.12 (56/114)	16	48.76 (59/121)	49.55 (56/113)
02	48.36 (59/122)	49.12 (56/114)	17	48.76 (59/121)	49.55 (56/113)
03	48.36 (59/122)	49.12 (56/114)	18	48.76 (59/121)	49.55 (56/113)
04	48.36 (59/122)	49.12 (56/114)	19	48.76 (59/121)	49.55 (56/113)
05	48.36 (59/122)	49.12 (56/114)	20	48.36 (59/122)	49.12 (56/114)
06	48.36 (59/122)	49.12 (56/114)	21	48.36 (59/122)	49.12 (56/114)
07	48.36 (59/122)	49.12 (56/114)	22	48.36 (59/122)	49.12 (56/114)
08	48.36 (59/122)	49.12 (56/114)	23	48.76 (59/121)	49.55 (56/113)
09	48.36 (59/122)	49.12 (56/114)	24	48.76 (59/121)	49.55 (56/113)
10	48.36 (59/122)	49.12 (56/114)	25	48.76 (59/121)	49.55 (56/113)
11	48.36 (59/122)	49.12 (56/114)	26	48.76 (59/121)	49.55 (56/113)
12	48.36 (59/122)	49.12 (56/114)	27	48.76 (59/121)	49.55 (56/113)
13	48.76 (59/121)	49.55 (56/113)	28	48.76 (59/121)	49.55 (56/113)
14	48.76 (59/121)	49.55 (56/113)	29	48.76 (59/121)	49.55 (56/113)
15	48.76 (59/121)	49.55 (56/113)	30	48.76 (59/121)	49.55 (56/113)
			31	48.76 (59/121)	49.55 (56/113)
Accommodation Supplement					45026.26

SUPPORTED RESIDENT RATIOS SUMMARY TABLE

The following residents are not included in a service's total places when calculating the low-means/supported/concessional ratio (column 1):

- Pre-October 1997 residents;
- Extra service residents;
- Respite care residents;
- Vacant places.

Further when calculating the ratio for post 20/03/2008 residents (column 2), in addition to the above categories pre-March 2008 residents are not counted towards the service's total places.

Means Tested Care Fee

Residents may be required to pay a means tested care fee (MTCF) under the new arrangements.. Lifetime and annual caps apply on the amount of MTCF that a resident can be charged (cap rates in DSS Schedule of Resident Fees and Charges).

The MTCF is calculated by Department of Social Services (DSS) based on Centrelink/DVA assessment of the resident's assets and income (Means Tested Amount). Centrelink/DVA undertake quarterly reviews of residents' income and assets. DSS advise the Approved Provider and resident/nominee of any applicable MTCF.

Medicare deduct the equivalent of the MTCF amount from the ACFI subsidy and Primary Supplements paid for that resident (Means Tested Reduction), irrespective of whether the resident is charged or pays the MTCF. The MTCF and Means Tested Reduction cannot be greater than the sum of the ACFI subsidy and Primary Supplements and can not be deducted from Other Supplements.

Upon admission to permanent care the Approved Provider may charge residents an interim MTCF where the income and asset assessment notification is not available. The interim MTCF rate is set by the Approved Provider and must be adjusted accordingly upon advice from the DSS of the applicable MTCF.

Income Tested Fee (ITF) and Income Tested Reductions

Introduced March 1998, ITFs only apply to residents classified under the Aged Care (Transitional Provisions) Act 1997 and who are self funded or on a part pension.

The ITF is calculated by Department of Social Services (DSS) based on Centrelink/DVA income assessment. DSS advises the Approved Provider and resident/their nominee of any applicable ITF. Centrelink/DVA undertake quarterly reviews of residents' income.

Medicare deduct the equivalent of the ITF fee from the ACFI subsidy and Primary Supplements received for that resident (Income Tested Reduction), irrespective of whether the Approved Provider charges or the resident pays the ITF. The ITF and Income Tested Reduction can not be greater than the ACFI subsidy and Primary Supplements and can not be deducted from Other Supplements.

Upon admission to permanent care the Approved Provider may charge residents a provisional ITF as the DSS ITF notification is not available until after admission. The interim ITF rate is set by the Approved Provider and must be adjusted accordingly upon advice from the DSS of the applicable ITF.

FINANCIAL HARDSHIP SUPPLEMENTS

Individual residents may claim financial hardship where they can not afford care and/or accommodation fees or payments.

Where approved, the Approved Provider receives additional payments thereby enabling resident payments to be reduced by equivalent amount.

For example, a resident unable to pay their accommodation payment for a reason such as an inability to sell their primary assets may be approved for hardship (likely LH in SR column).

Under the new arrangements extra service residents may apply and be approved for financial hardship – extra service residents under the old arrangements are not eligible to receive financial hardship.

Hardship may be approved for a maximum of 1-2 years?